

TEXT OF REGULATIONS

CALIFORNIA CODE OF REGULATIONS Title 4, Division 15, Article 1.5 Charter School Working Capital Program

Section 10165. Purpose

This Article implements the Charter School Working Capital Program (Program) to provide financing to California charter schools for working capital.

Authority: Sections 17179 and 17180, Education Code.

Reference: Section 17173, 17180 and 17183, Education Code.

Section 10166. Definitions

For the purposes of this article, the words and phrases defined in sections 17078.52 and 17173 of the Education Code shall have the same meaning as described therein. In addition, the following words and phrases shall have the meaning as described below:

- (a) "Applicant" means a California charter school applying for financing under this article.
- (b) "Application" means a completed application package for financing (Form CSFA-07-01) which includes all information, documents, and fees necessary to allow the Authority to make a determination and to complete the closing, as defined and developed by the Authority and available on its Web site, and all other documents required to be submitted to the Authority.
- (c) "Chartering Authority" means the school district, county office of education or the State Board of Education that granted a school's petition to become a charter school pursuant to Education Code section 47605.
- ~~(d) "Classroom-Based Instruction" means the definition set forth in Education Code section 47612.5(e)(1).~~
- ~~(e)~~(d) "Nonprofit Entity" means an entity that is organized and operated for purposes of not making a profit under the provisions of the Internal Revenue Code section 501(c)(3), or is organized and operated by a nonprofit public benefit corporation, pursuant to State Corporations Code, Title 1, Division 2, Part 2, section 5110, et seq.; or a governmental entity operating a charter school.
- ~~(f)~~(e) "Reserves for maintenance or operating expenses" shall include any funds generally used or usable for such purposes whether within the charter school's general operating fund and accounts or separately held or accounted for. In addition, maintenance or operating expenses shall include any and all costs associated with classroom instructions, administration, financial management, and facilities operations including all personnel, supplies, material, and other goods and services necessary for the operation of the school.
- ~~(g)~~(f) "Reserves for debt service" shall include any funds generally used or usable for such purposes whether within the charter school's general operating fund and accounts or separately held or accounted for.

Authority: Sections 17179 and 17180, Education Code.

Reference: Sections 17078.52, 17180, 47605, and 47612.5, Education Code.

Section 10167. Eligible Applicant

Any Applicant shall be eligible to apply for financing if all of the following conditions are met:

- ~~(a) The charter school provides classroom-based instruction.~~
- ~~(b)~~(a) The charter school is operated by a non-profit entity.
- ~~(c)~~(b) An approved charter has been awarded and is in place at the time of application.
- ~~(d)~~(c) The charter school is in good standing with its chartering authority and is in compliance with the terms of its charter at the time of application submission, and throughout the term of the financing. The Authority reserves the right to contact the chartering authority directly seeking written verification that the school is in good standing and in compliance with the terms of its charter.

The charter school has completed at least two school years of instructional operations, under its current County-District-School (CDS) Code issued by the California Department of Education.

Authority: Sections 17179 and 17180, Education Code.

Reference: Section 17180 and 17183, Education Code.

Section 10168. Evaluation of Applicants

Applicants seeking approval from to the Authority for the purpose of issuing debt for working capital needs shall ~~Program may~~ be subject to the following evaluation criteria:

- (a) The charter school must demonstrate compliance with all federal and state tax requirements.
- (b) The charter school must demonstrate compliance with credit requirements established by the Authority, as modified from time to time.
- (c) The charter school must meet coverage requirements established by the Authority to achieve certain minimum credit rating thresholds.
- (d) The charter school must provide written documentation necessary to evaluate future projections based on historical financial and operational indicators.
- (e) Any other information the Authority deems necessary for the evaluation of a charter school's ability to participate in the Program, and to ensure financial feasibility.

The Authority may in its discretion determine not to grant approval to any entity regardless of whether the entity meets the threshold criteria.

Authority: Sections 17179 and 17180, Education Code

Reference: Section 17180, Education Code

Section 10169. Application Submission

~~An application for financing shall be made on a form prescribed by the Authority (Form CSFA 07-01, as amended from time to time).~~ An ~~a~~Application package for financing shall include one original and two duplicate copies of the complete aApplications, and all supporting documents, and all required fees. A complete Application for financing shall include, but not be limited to, detailed information in all the categories listed. Note: An applicant may choose to use the Authority's form, CSFA 03-01, created for the Charter School Facilities Program, or may choose to submit the information in its own format, as long as the information submitted is complete and orderly and allows the Authority to make an approval determination for purposes of the Program.

- (a) Applicant Information (i.e. name, address, contact information, CDE numbers, legal status questionnaire – as provided by the Authority and revised from time to time, etc.)
- (b) Charter and Oversight Information (i.e. charter authorizer, contact information, charter term, charter status, instructional operation dates, etc.)
- (c) Charter School Organizational Information (i.e. curriculum, student population, academic performance, competitive advantages, legal status, business/strategic plan)
- (d) Financial Information (i.e. audits, budgets, projections, guarantors, contributions, monthly cash flows, breakdown of revenue sources, etc.)
- (e) Material Contracts (i.e. any current or anticipated contracts for more than five percent or more of the school's gross revenues with any vendors including support services, transportation, etc.)
- (f) Structure/Management Information (i.e. management organization's experience and history, mission and goals, non-profit status, résumés, governance, audits, budgets, projections, etc.)

Authority: Sections 17179 and 17180, Education Code.

Reference: Section 17179 and 17180, Education Code.

Section 10170. Fees

As a self-sustaining agency, the Authority shall charge fees for reasonable and necessary administrative and program expenses. The following fees shall be applicable:

- (a) Application Fee. A nonrefundable application fee of \$600 shall be paid at the time the formal application for financing is submitted. This portion of the filing fee is nonrefundable but shall be credited against total fees.
- (b) Administrative Authority Fee: For purposes of administration and managing the Program, the Authority will charge 2.5% of the amount financed, with a minimum fee of \$2,500 and a maximize fee not to exceed \$7,500. The ~~authority~~ administrative fee is only payable if a transaction is completed.
- (c) Transaction Fee. The Authority may charge and equitably apportion among participating parties ~~its administrative costs and expenses incurred pursuant to this article.~~ This a pro-rata fee ~~will be calculated~~ based on the total financing fees attributed to the total financing divided by the amount borrowed by each participant. Such transaction financing fees shall include but not be limited to, bond and disclosure counsel fees, underwriting ~~er management~~ fees, financial advisory fees, trustee services fees, as well as printing and other miscellaneous fees. An extraordinary cost attributable to one applicant or a set of applicants may not be apportioned among all participants. The transaction fee is only payable if a transaction is completed. The initial application fee is credited against the transaction ~~administrative~~ fee at the closing of the financing.

Authority: Sections 17179 and 17180, Education Code

Reference: Section 17180(k), Education Code